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Acting Chief, Economic Research, ORR

21 November 1958

Deputy Chief, Industrial Division, ORR

Review of Project 20.1763, "Regional Civil Consumption of Petroleum Products in the USSR, 1953-57"

1. Subject project has been examined and reviewed as requested. The project, representing over 3,000 hours of analyst time, represents an impressive compilation of information on the availability of petroleum for consumption in the USSR, by consuming sector, region, and product.

2. In the absence of direct information on most of these subjects, indirect means were devised to estimate requirements, which in most instances were assumed to represent consumption. Where feasible, requirements were usually derived by the application of estimated coefficients to available information on work performed by the particular consuming sector. Although these have not been reviewed in detail, sample checks indicate that on the whole the procedure reflected a careful and intelligent effort to arrive at reasonable estimates. In some instances, a deceptive precision is imparted to the estimates by the use of coefficients to more digits than are significant. Sector and over-all totals, however, have been generously rounded.

3. Totals for some sectors may represent the requirements for significant subsectors rather than that of the entire sector. This may be true of the chemicals industry, for which consumption of POL appears to be confined to a few products dependent upon heat for processing.

4. The reason for combining nonferrous minerals production with manufacturing is not clear, except that requirements for these two industries appear to have been estimated jointly, as residuals. Presumably, unless the methodology is misleading, this total also includes mining (ferrous and nonferrous) other than coal, and should be more accurately described.

5. For these reasons, Table 1, "Estimated Civil Consumption . . .," actually represents estimated requirements and the allocation to the Nonferrous and Manufacturing sectors includes a residual, part of which is more appropriately chargeable across the board to all

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SUBJECT: Review of Project 20.1768, "Regional Civil Consumption of Petroleum Products in the USSR, 1953-57"

consuming sectors. Since this residual has already been removed it is not clear how a second residual, computed in Table 4 as the difference between the total available for consumption and the sum of the estimated civil and military consumption, is derived, or what it means. Certainly the suggestion on p. 16 that the size of this "apparent difference" (Table 4), justifies the conclusion that the range of error of estimates in the report is plus or minus 10 percent appears to require further justification. In fact so many assumptions are made as to particular subsectors that it is difficult to estimate over-all validity unless some independent means of aggregating consumption can be devised.

6. These considerations have been advanced in order to describe the character of the paper and the problems that it raises. In addition, its length (176 pp. exclusive of introductory materials) and the fact that publication as a Research Aid has been proposed, raise the following questions:

- a. Who are the potential consumers for a report of such length and detail?
- b. Is publication in this detail justified?
- c. Although publication as an RA is proposed, the project is essentially substantive rather than methodological. True, the methodology is described in some detail, but not in sufficient detail to justify publication of the methodology on the score that if published in its present form it will make it possible for consumers to use the report to verify the numbers in the paper or use the same method in further research on the same subject. The draft report characterizes the methodology as "only a description" of the method used and states that, "A complete methodology, fully documented, is available for examination in CIA files." (p. 144)
- d. Unless a strong case can be made for publication in full as an RA, would not the report receive wider circulation and reach more consumers if drastically reduced in length and published as an RR? In this connection it should again be emphasized that even if published as an RA, it will probably be consulted more for its substance than its method.

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"Petroleum Products in the USSR, 1953-57"

In its present form, however, the substance is lost in the detail. The Summary, for example, is 17 pages long -- so long that it also needs a summary. Would it not be worth considering the expansion of the Summary into the body of a short RR and collapsing most of what is now in the body of the report into a suitable Statistical Appendix?

- e. Assuming that there is a need for publication in detail, is publication of the complete tables required for all 5 years covered by the report? Would not publication of the full tables for 1953 and 1957 suffice, supplemented by publication of the aggregates for all 5 years? Adoption of this proposal would permit the elimination of Tables 7-9, 12-14, and the drastic shortening of Tables 16-21.
- f. "As a good report should," the text has been written from the tables, and treats principally of types and rates of growth. As presently constituted, the tables, long as they are, present only absolute numbers and show no changes in the composition of consumption or rates of consumption growth. The report is completely devoid of graphics. Much of the long text is therefore devoted to discussion of growth and changes in composition. Would it not be possible to show these changes in tabular and graphic fashion and thereby permit a reduction in the length of the text? Graphics showing the rank order of consuming sectors and products consumed at the beginning and end of the period would be especially helpful and save many pages of textual discussion.

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